

Statement of Congressman John Conyers, Jr.
Subcommittee on Commercial and Administrative Law
Hearing on H.R. 975
March 4, 2003

This country is a much different place than when omnibus bankruptcy reform was first introduced six years ago. Today, our country is mired in a recession, the stock market is reeling, more Americans are unemployed than at any time since 1993, and health care costs are rising. And yet, we are once again considering this special interest bill that massively tilts the playing field in the favor of creditors and against the interests of ordinary consumers and workers who are struggling to overcome financial misfortune.

To those who argue the bill only punishes wealthy debtors, I tell them to read how the bill gives creditors massive new rights to bring threatening motions against low income debtors. Read how the bill permits credit card companies to reclaim common household goods which are of little value to them, but very important to the debtor's family. Read how the bill makes it next to impossible for people below the poverty line to keep their house or their car in bankruptcy.

To those who claim the bill protects alimony and child support, I would ask them if they are aware that the bill creates major new categories of non dischargeable debt that compete directly against the collection of child support and alimony payments. Whether they are aware the bill allows landlords to evict battered women without bankruptcy court approval, even if the eviction poses a threat to the woman's physical well being.

To those who assert the bill cracks down on credit card abuse, I would ask if they realize the bill does absolutely nothing to discourage abusive under-age lending, nothing to discourage reckless lending to the developmentally disabled, and nothing to regulate the practice of so-

called 'subprime' lending to persons with no means or little ability to repay their debts.

To those who suggest the bill fixes the problem of homestead exemption abuse, I would suggest that rather than repeal or even cap the homestead exemption, the bill places only weak obstacles in its place. The bill does nothing to prevent the very worst abuses in the bankruptcy code, such as bilking seniors out of billions of dollars of their life savings.

Last year 1.4 million middle-class individuals filed for bankruptcy. Their average income was less than \$25,000, and the principal causes for their filings were layoffs, health problems and divorce. In my judgment, it would have been a grave mistake to punish these individuals at a time of such great economic uncertainty and to reward credit card companies and business lobbyists when corporate greed has already destroyed the lives of millions of American workers.

I urge every member of this Committee to consider the real life consequences of this bill on ordinary, hard working Americans before we take any further action on it.